

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 20, 2011
POSITION: Oppose

BILL NUMBER: SB 108
AUTHOR: M. Rubio

BILL SUMMARY: Surface Mining: Idle Mines

The Surface Mining and Reclamation Act (Act) requires an operator of an idle surface mining operation to submit to a lead agency an interim management plan. The Act defines idle mines as those at which operations are curtailed for a period of one year or more by more than 90 percent of the previous maximum annual mineral production, and where there is intent to resume surface mining operations at a future date.

This bill would: (1) expand from one to five years the timeline in which the 90 percent reduction is measured, (2) create exceptions that would allow a mine that would normally be considered idle to be exempt from that status and allowed to remain active, (3) authorize a lead agency to continuously renew an interim management plan for additional 5-year periods provided the operator is in compliance with the interim management plan, and (4) allow an operator, that has not filed an interim management plan by January 1, 2012, to change the operating status of a mine or well if certain requirements are met prior to July 1, 2013.

FISCAL SUMMARY

The requirements of the bill would cause the Department of Conservation (Conservation) to monitor each surface mining operation that is submitting an interim management plan. Conservation estimates the monitoring work would cost \$350,000 Surface Mining and Reclamation Account annually, and 2.5 PYs. Conservation states that it does not have existing resources or staff to cover the monitoring work created by the bill. Therefore, this bill could necessitate a future fee increase on mining operations.

COMMENTS

The Department of Finance is opposed to the bill because:

- The bill would result in additional costs on the Surface Mining and Reclamation Account for monitoring work by Conservation, which is not reflected in the 2011 Budget Act.
- The bill would not require a mining operator to update the reclamation plan or provide proof of adequate financial assurance if it changes its status from abandoned to idle or active.

Currently, it is required that each mining operation have a financial assurance to ensure that reclamation is performed in accordance with the approved reclamation plan. Financial assurances are typically adjusted annually to account for new lands disturbed, inflation and for reclamation of lands accomplished in accordance with the approved reclamation plan. The bill does not require operations that change status from abandoned to idle or active to update the reclamation plan or financial assurances.

Analyst/Principal (0633) M. Almy	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

SB 108

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
3480/Conservation	SO	No	C	\$175	C	\$350	C	\$350	0035
<u>Fund Code</u>	<u>Title</u>								
0035	Surface Mining and Reclamation Account								